



Statehouse Statements

Senate Democrat Caucus

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Senate Democrats report on ‘The State of Rest of the State’

Senators highlight the real state of education, health care, the economy and state government

INDIANAPOLIS – Reporting on the real state-of-the-state, today members of the Senate Democrat Caucus responded to Governor Daniels’ Wednesday night address giving Hoosiers the rest of the story on what’s happening in Indiana.

“Last night it became pretty clear that there are two Indianas,” said Senate Minority Leader Richard Young (D-Milltown). “There is the Indiana in which the governor lives, and the one in which the rest of us reside – and unfortunately they aren’t anywhere near each other.”

“There is another side to this story, and it’s important for all Hoosiers to hear it,” added Young.

In the presentation, Senate Democrats refuted claims made by the Daniels administration about the amount of education dollars actually flowing into the classroom, the number of jobs created, the success of the administration’s privatization efforts and several other topics.

Senate Democrats also highlighted the real issues that Hoosiers care about which the governor did not fully address. These issues included appropriately funding education, providing access to affordable health care, growing the economy and ensuring the quality of state government services.

“We remain very concerned that our school system and kids aren’t being adequately supported, that health care is still too expensive, that we aren’t creating enough good-paying jobs and that state government is not meeting the needs of all our citizens. These are all real issues that Hoosiers care about and that the governor failed to completely address last night.”

Fact sheets outlining specific information on each of these areas are attached.

For more information about the Senate Democrats or other matters before the Indiana State Senate visit www.senatedemocrats.IN.gov or call 1-800-382-9467.

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State of Education

The Republican state budget hurt public schools across the state...

- 143 school corporations will receive fewer state dollars in at least one year of the 05-2007 biennium. (Indiana State Budget)
- Schools were forced to lay-off teachers
 - 778 certified instructional staff were cut;
 - 2,432 certified staff retired or resigned of which 468 were not replaced;
 - 459 certified instructional staff were sent letters of intent to not employ for the 2005/2006 school year, of which 213 were not re-employed.

(Source: 2005 Indiana Association of Public School Superintendents Survey; 74% of all school districts responding)

The state budget failed to recognize the growing 'fixed costs' schools must meet...

- Health Insurance costs increased 8.7% from 2003 to 2004.
(Source: DOE Education Data Series codes: E03GRI E03GRI3 E03GRI4 E03GRI5 E03GRI6 E03GRI8 E04GRI E04GRI3 E04GRI4 E04GRI5 E04GRI6)
- Utility costs increased 18.8% from 1998 through 2003 (the last year before a law change allowed some utility expenses to be shifted from school's general funds).
(Source: DOE Education Data Series codes: E04322 through E04390 and codes E98322 through E98390)
- Inflation increased 12.5% from 1998 through 2003. Latest revenues forecast projects 2006 inflation rate of 2.8%.

(Source: http://inflationdata.com/inflation/Inflation_Rate/InflationCalculator.asp)

EXAMPLE: Switzerland County Superintendent Tracy Caddell reports that his corporation's December 2004 heating bill was \$8,000 and it rose to \$26,900 in December, 2005.

The state has no strategy for improving our schools financial plight...

- The 'Dollars in the Classroom' proposal restates the state's existing law. IC 20-20-01 already allows for bulk purchasing through the regional education service centers.
(Source: P.L. 196-1995)
- In the 2004-2005 school year, school corporations saved \$5 million by using existing bulk purchasing laws. A total of 260 of the state's 293 school corporations used the program; however schools are only utilizing about 10% of the program's capacity.

(Source: Indiana Department of Education)

The 65 Percent Solution is misleading because the definitions of 'classroom spending' and 'total school funding' vary significantly. For example, are debt services, athletics, transportation included in the calculation?

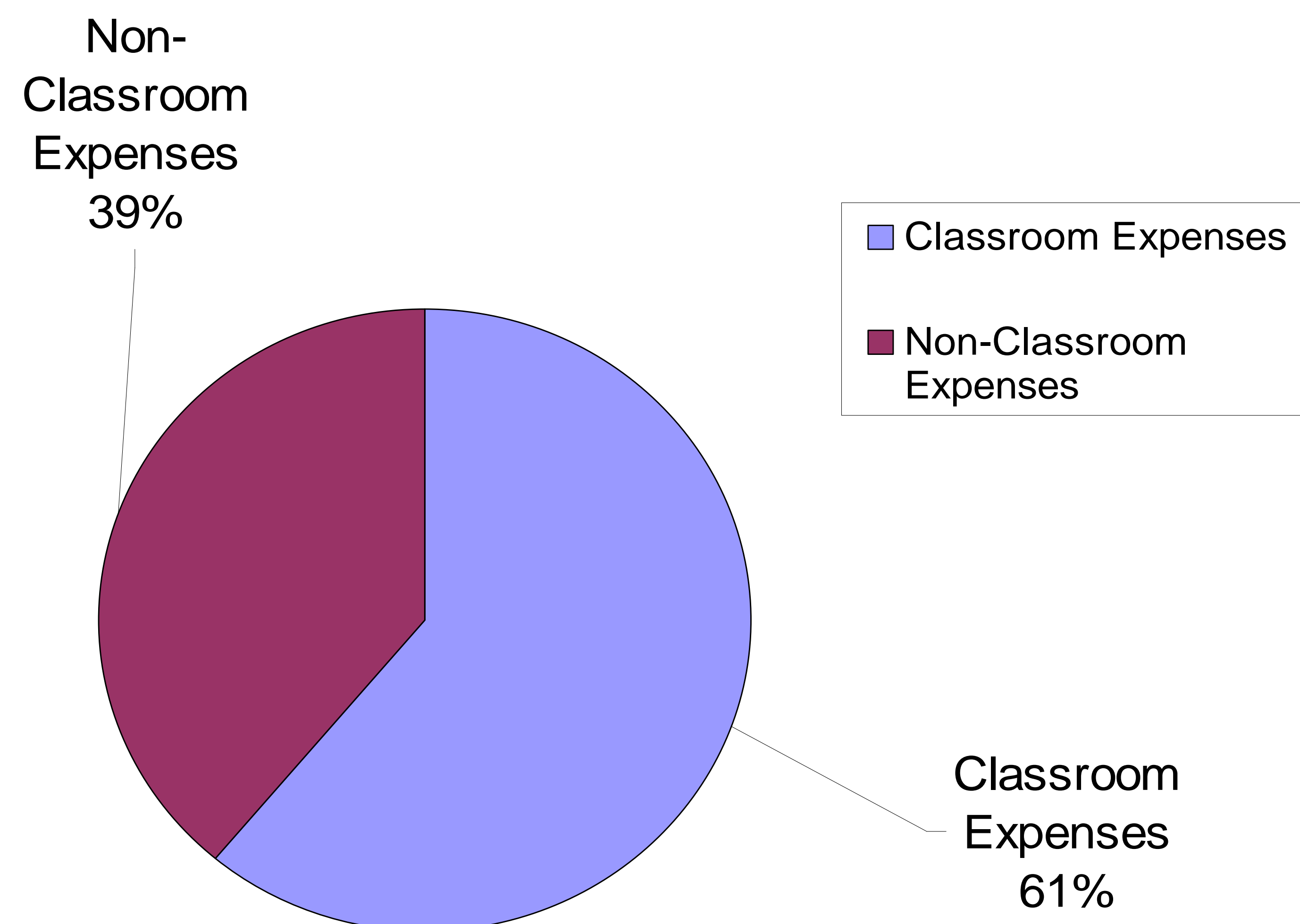
The 65 percent "...relies on a federal definition of what constitutes direct instruction, including things such as teacher's salaries, textbooks, the arts and athletics. But that definition excludes such things as school libraries, counselors and administrators."

(Lieb, David A. Kansas City Star *Momentum Fading for Governor's Education Plan*)

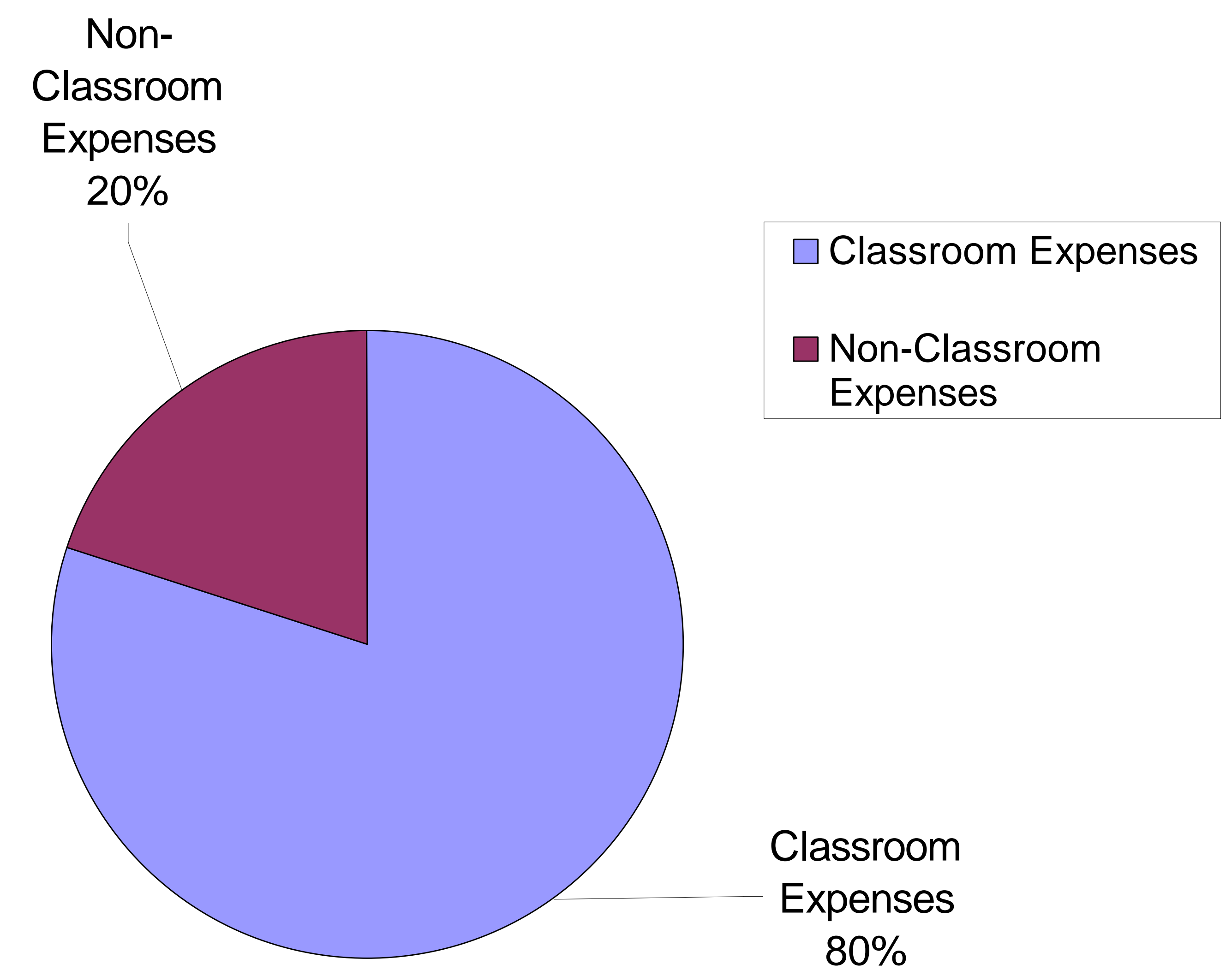


The 65% Solution...

Governor Daniels' \$10 Billion Base



School Funding Formula \$6 Billion Base





The State of Health Care

More Hoosiers are uninsured ...

- An estimated 862,000 (14%) Hoosiers were uninsured in 2005.¹
- By 2010 more than 947,000 Hoosiers are expected to be without health insurance.²

Fewer working Hoosiers have access to health insurance...

- For about 80% of those uninsured, at least one person in the family works full or part-time.³
- There has been a significant decrease in the percent of workers covered by private-sector, employer-provided health insurance: 64.2 percent covered in 1998- 2000 and 59.8 percent in 2002-2004.⁴
- Over a 12-month period, more than seven in 10 employers experienced premium increases, and the average increase was at least 15.9%, regardless of the type of plan they offered.⁵

Fewer Hoosier children are being covered by health insurance...

- Health insurance coverage of all children in Indiana has declined substantially from 79.5 percent in 1999 to 68.9 percent in 2004.⁶

The cost of health care is hurting business development...

- 85% of Indiana company leaders said current health care costs are "significantly impacting" their ability to offer basic insurance coverage to their employees.⁷
- Health care costs to Hoosier companies rose 10% from 2003 to 2004. This means employee co-pay fees jumped 25%, and the median monthly premium for a family increased 11% and 4% for individuals.⁸

Health insurance costs are increasing for Indiana families...

- In 2005, health insurance premiums in Indiana for a family with private, employer-sponsored coverage are \$953 higher due to the unpaid cost of health care for the uninsured. Premiums for individual health insurance coverage in Indiana are \$373 higher in 2005.⁹
- By 2010, health insurance premiums for families in Indiana with private, employer-sponsored coverage will be \$1,494 higher due to the unpaid cost of health care for the uninsured. Premiums for individual health insurance coverage in Indiana will be \$573 higher in 2010.¹⁰

¹ "Paying a Premium: The Added Cost of Care for the Uninsured in Indiana", Families USA, June 2005.

² "Paying a Premium: The Added Cost of Care for the Uninsured in Indiana", Families USA, June 2005.

³ "Who's Uninsured in Indiana and Why?" Families USA, November 2003; "The Uninsured: A Closer Look: Hoosiers Without Health Insurance", Families USA, June 2004.

⁴ "The Status of Working Families in Indiana: 2005 Update", Charles R. Warren, PhD., ICHHI and the Indiana Institute for Working Families, updated September 2005.

⁵ "Compensation Data Indiana 2003", Indiana Chamber, September 2003.

⁶ "The Status of Working Families in Indiana, 2005 Update"

⁷ "Compensation Data Indiana 2003", Indiana Chamber, September 2003.

⁸ "Firms in Indiana Seek Fix for High Health Care Costs", Bill Theobald, Indianapolis Star, June 26, 2004.

⁹ "Paying a Premium: The Added Cost of Care for the Uninsured in Indiana", Families USA, June 2005.

¹⁰ Ibid.



State of the Economy

Indiana's economy has not improved...

- From January 2005 through November 2005, the latest figures that are available, Indiana's economy lost a total of 600 jobs. (seasonally adjusted non-farm data)
(Source: U.S. Bureau of Labor Statistics)
- Over that same time period Indiana's manufacturing sector lost 5,400 jobs. (seasonally adjusted non-farm data)
(Source: U.S. Bureau of Labor Statistics)
- In July 2005, Indiana was still 46,000 jobs behind 5 years ago
(“The Status of Working Families in Indiana” presentation by Charles Warren, ICHHI, Nov. 1, 2005)

Personal Income continues to lag behind the nation...

- U.S. personal income grew 6% from the 1st quarter of 2005 to the 4th quarter, while Indiana's personal income grew at only 3.5%.
(Source: <http://www.bea.gov/bea/newsrel/SPINewsRelease.htm>)
- Indiana ranked 35th in state personal income growth last quarter.
(Source: <http://www.bea.gov/bea/newsrel/SPINewsRelease.htm>)

The Indiana Economic Development Corporation's performance...

- IEDC completed 126 economic development projects for growth and expansion in 2005, (Governor's office news release 12/12/05) including commitments to create 13,500 new jobs in the future compared to the 2004 record of the Indiana Department of Commerce which completed 207 projects and created 16,641 new jobs. (2004 Dept. of Commerce Annual Report)
- IEDC awarded more than \$158 million in economic development incentives – but 43 counties, including Lake and Porter did not receive any assistance.
(Times of Northwest Indiana, 12/25/05)

“These would still be considered by many Hoosiers excellent jobs.”

Governor Mitch Daniels during Delphi's reorganization urging workers to accept the company's proposal to cut wages from \$27 to \$9 an hour. (Indianapolis Star, 10/26/05)

A citizen with one child of any age in Howard county needs to make at least \$11.36 an hour to be considered 'self-sufficient'. The Self-Sufficiency Standard measures how much income is needed for a family of a certain composition in a given place to adequately meet their basic needs— **without public or private assistance.**)



State of State Government

State government services have been consolidated in Indianapolis...

- The Indiana Department of Workforce Development centralized unemployment claims processing in Indianapolis, resulting in major delays in getting 20,000 unemployed Hoosiers their benefits.
- Bureau of Motor Vehicles License closed 28 branches, making more difficult for Hoosiers to access services and obtain the proper forms of identification in order to vote.
- After the formation of the Indiana Economic Development Corporation, the state closed seven regional economic development offices throughout the state, making it more difficult to important economic development programs.
- The Department of Workforce Development took away local control of employment and job training services from regional Workforce Investment Boards and centralized them into one statewide board based in Indianapolis.

State agencies and assets are being privatized or closed...

- Department of Corrections
 - 200 Food Service jobs lost
 - 300 Health Services nursing jobs lost
 - New Castle Correctional Facility completely privatized(Source: Dept. of Corrections)
- Department of Workforce Development
 - 80 Unemployment Claims Deputies jobs lost(Source: Dept. of Workforce Development)
- Bureau of Motor Vehicles
 - 28 Branches Closed(Source: BMV Web site)
- FSSA
 - 2,100 Caseworkers jobs lost—proposed
 - If completed, Indiana would be the first state to privatize all administrative functions for welfare, food stamps and Medicaid.
 - Privatization would reduce the staff from 2,500 to 400 workers.
 - Would reduce the number of offices by 63 percent from 107 to 40
 - Between 2003 and 2004 Indiana ranked 6th in the most improved payment error rate.(Source: GAO Report: Food Stamp Program, May 2005)
 - Both Wisconsin and Arizona have higher food stamp program error rates than Indiana and they have privatized much of the functions.(Report on Proposal to Restructure/Privatize the Indiana Family Social Services Administration, AFSSCME Council 62 110/2005)
- State Hospital Facilities
 - Privatize 3,000 state hospital jobs—proposed
 - Ft. Wayne State Developmental Center completely privatized – will close July 2007
 - Silvercrest Children's Developmental Center is slated for closure(Source: AFSSCME Council 62)
- State Forests
 - The Daniels administration is allowing logging in state forests – cutting down enough trees to produce as much as 17 million board feet. (Source: Louisville Courier Journal, 9/30/05)

Billions of Hoosier tax dollars sent out-of-state ...

- \$264 million for Missouri Correctional Medical Services for prison health services
 - \$53 million to Florida-based Geo Group for the operation of the New Castle prison
 - \$112 million to Pennsylvania-based ARAMARK for food service at all Indiana prisons
 - \$1.3 million contract to North American Salt. Co, which is based in Kansas. This comes after criticizing former Gov. Joe Kernan during a debate for buying road salt from Illinois and Michigan.
 - \$1.8M for Hoosier Lottery advertising contract to a Louisville-based firm
 - \$1 billion to operate determine the eligibility for food stamps, Medicaid other welfare benefits
- (Source: Dept. of Administration)